

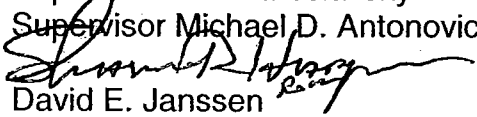


County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

October 8, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

MOTION TO ENDORSE PROPOSITION 67, THE EMERGENCY AND MEDICAL SERVICES INITIATIVE (ITEM NO. 3, AGENDA OF OCTOBER 12, 2004)

Item No. 3 on the October 12, 2004 Agenda is a motion by Supervisor Yaroslavsky to endorse Proposition 67, the Emergency and Medical Services Initiative, and to urge the voters of California to vote YES on this ballot measure on November 2, 2004. Attachment I includes material previously provided to the Board on this matter.

Proposition 67 would increase the surcharge on telephone calls made within California to fund 911 emergency dispatch, emergency rooms, trauma centers and emergency doctors. If enacted, the initiative would be effective January 1, 2005.

Under current law, the State imposes a surcharge on each monthly telephone bill, including mobile telephones, and the revenues are deposited into the State Emergency Telephone Number (911) Account. The 911 Account is used to reimburse government agencies and telephone companies for equipment and related costs associated with the California 911 system. This surcharge is applied to all charges for intrastate telephone calls, and has a floor of 0.5 percent and a cap of 0.75 percent. Each year, the California Department of General Services determines the surcharge rate based on an estimate of the costs of the California 911 system. The current surcharge rate is 0.72 percent, and does not apply to lifeline telephone service or coin-operated telephones. The surcharge is collected via monthly telephone bills and generated an estimated \$132.5 million in 2003-04. Over the past number of years, increases in 911 Account revenues have been attributable to increased mobile telephone usage.

Proposition 67 would increase the 911 surcharge by 3 percent on telephone calls made within California. The measure would cap the cost of the overall surcharge for residential telephone customers at a maximum of 50 cents per month and exempt senior citizens and others who receive lifeline service. There is no cap on mobile or commercial telephone users.

In its most recent analysis, the Legislative Analyst's Office (LAO) estimates that the increase in the surcharge would generate about \$500 million annually which would probably increase in future years. The revenue would be allocated as follows: 60 percent (\$300 million) to emergency and trauma hospital services, 30.5 percent (\$153 million) to emergency and trauma physician services, 5 percent (\$25 million) to community clinics which provide urgent and primary care services, 3.75 percent (\$19 million) to emergency and trauma first responders and paramedics, and 0.75 percent (\$4 million) to the existing 911 Account. The funding for hospital, physician, and clinic services would reimburse the costs of care rendered to uninsured and underinsured patients, and the funding for first responders is targeted for training and equipment.

The Department of Health Services (DHS) indicates that Proposition 67 will help to address the emergency medical services crisis by: 1) increasing funding to overcrowded emergency departments to help them meet the growing demand for emergency care; 2) helping to fund community clinic care for the uninsured, which would provide some relief for emergency department overcrowding; 3) reimbursing emergency physicians and "on-call" specialists for uncompensated care, which will help to ensure that physicians continue to participate on "on-call" panels and provide emergency medical services; 4) providing funds to train more paramedics and equip Advanced Life Support units to ensure timely pre-hospital care to all parts of the County; and 5) helping the County-operated hospitals continue as the healthcare "safety net" by ensuring a steady funding stream for indigent and uninsured care.

Historically, the County has supported emergency medical and trauma care funding. The County sponsored Measure B in 2002, which raised property taxes for emergency and trauma care, and SB 726 (Romero), which would have provided the County with the authority to pursue a local alcohol tax for similar purposes. The County's State Legislative Agenda adopted by the Board on December 16, 2003, includes the following policy statements: 1) reaffirm the County's commitment to the trauma care system in Los Angeles County, and continue to work with the statewide coalition to seek a continuation of State funding for trauma centers, and 2) support measures to provide permanent, stable funding for the County's public and private emergency and trauma care system.

Each Supervisor
October 8, 2004
Page 3

Proposition 67 is sponsored by the Coalition to Preserve Emergency Care which includes the California Medical Association, the California Primary Care Association, and the American College of Emergency Physicians. It is supported by over 230 organizations including the California Professional Firefighters, California Emergency Nurses Association, California Chapter of the American College of Emergency Physicians, American Lung Association, California State Firefighters Association, Gray Panthers, AIDS Prevention Action Network, California Psychiatric Association, Latino Health Access, Planned Parenthood Affiliates of California, Trauma Foundation, Asian Health Services, Community Clinic Association of Los Angeles County, Los Angeles County Medical Association, and the Watts Healthcare Corporation; over 50 elected officials including United States Congressperson Hilda Solis, California State Senators Gloria Romero and Gilbert Cedillo, California State Assembly Members Jackie Goldberg and Paul Koretz, and Los Angeles County Supervisors Gloria Molina and Zev Yaroslavsky; and hundreds of individual physicians.

The measure is opposed by eight taxpayer advocates including the California Taxpayers Association and the Howard Jarvis Taxpayers Association; 17 organizations or individuals representing law enforcement including the California State Sheriffs' Association, the California Chapter of the National Emergency Number Association, and Los Angeles County Sheriff Lee Baca; 23 individual physicians including Assembly Member Keith Richman; three consumer groups including Americans for Competitive Telecom, Congress of California Seniors, and Consumers First; 65 business groups including the California Chamber of Congress, California Black Chamber of Commerce, and the California Small Business Roundtable; six civic organizations including the California Democratic Party, California National Association for the Advancement of Colored People and the California Republican Party.

The Department of Health Services recommends that the County support the initiative because it would provide new funding to stabilize emergency and trauma care locally. However, because there is no existing County policy on increasing the telephone surtax to fund emergency medical services, support for this measure is a matter for Board policy determination.

DEJ:GK
MAL:MS:ib

Attachments

c: Executive Officer, Board of Supervisors
County Counsel
Department of Health Services



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CHIEF ADMINISTRATIVE OFFICE

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Attachment

DAVID E. JANSSEN
Chief Administrative Officer

August 31, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
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Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**PROPOSITION 67 – 911 EMERGENCY AND TRAUMA CARE ACT INITIATIVE –
INFORMATION ABOUT CELL PHONE USE**

At the Board meeting of June 29, 2004, you asked my office to review information about the possible effects of the proposed tax on cell phone users under the 911 Emergency and Trauma Care Act Initiative, which is Proposition 67 on the November ballot. Specifically, we were asked to review statistics provided to members of the Board regarding the characteristics of cell phone users, and whether or not a disproportionate number of young people use cell phones; and whether or not there is a disproportionate number of African-Americans who use cell phones as their primary phone; and report back to the Board if it is found that there are other statistics contrary to those currently available.

Cell Phone Use Information

The information that we have been asked to review are two market research reports supplied by the opponents of the initiative.

One study, based on a telephone survey of Michigan residents, notes that African Americans and whites have high percentages of cell phone ownership of 77 percent and 73 percent, respectively. A higher proportion of Michigan African Americans than whites (28 percent to 9 percent) reported their cell phone as their primary phone. The study also notes that about 25 percent of respondents under the age of 25, and 21 percent of those aged 25-34 report their cell phone as their primary phone. To the extent the consumer behavior found in Michigan is the same as in California, it is reasonable to infer that some African Americans and some young people, because of their cell phone use, will be more affected by the proposed tax than their peers who rely on residential (home) phones. Relevant excerpts from this report can be found in Attachment I.

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August 31, 2004
Page 2

The other study relates to cell phone use among Hispanics nationally. The study found that their cell phone bills are 10 percent higher than the national average, but that the percentage of Hispanic households with cell phones is on par with other segments of the population. Additional information is contained in Attachment II.

Thus far, my office has been unable to locate any California-specific information similar to the above. However, the impacts of the proposed tax need to be weighed against the benefits of the initiative in supporting emergency and trauma care services, particularly safety net hospitals which have higher numbers of uninsured and non-white patients. Specifically, according to a May 2004 report by the Federal Centers for Disease Control and Prevention, 51 percent of the patient mix in high burden safety net hospitals is attributable to Medicaid and uninsured patients. According to the 2001 California Health Interview Survey, the County's African Americans comprise 12.9 percent of the Medi-Cal caseload under age 65, compared to about 7.8 percent of the overall population under age 65, and persons aged 18-29 comprise 30 percent of the uninsured, despite being only 20 percent of the overall population.

If you have any questions or need additional information, please let me know, or you may contact Jonathan Freedman at (213) 974-1643.

DEJ:GK
MAL:JF:ib

Attachments

c: Executive Officer, Board of Supervisors
County Counsel
Director of Health Services

gov edu
net org
.....com
cyber-state.org



Connecting the Dots in Michigan

Information Technology in Michigan

June 2004

Funded in part by the W. K. Kellogg Foundation



Prepared for
cyber-state.org
www.cyber-state.org

Prepared by
Public Sector Consultants
www.pscinc.com

Information Technology in Michigan:

Findings from cyber-state.org 2004 Surveys

June 2004

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Ann Arbor, Michigan
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Introduction and Methodology

Cyber-state.org (www.cyber-state.org) is a nonprofit group established in 1998 by Michigan's business, education, health care, government, and philanthropic communities, including the W. K. Kellogg Foundation, the Council of Michigan Foundations, and the Herbert H. and Grace A. Dow Foundation. Since 1998, cyber-state.org has been working within the Altarum Institute, an Ann Arbor-based research and innovation institution. Cyber-state.org's vision is to help Michigan become a world leader in developing and using information technology in ways that better the life of every citizen.

Cyber-state.org commissioned a survey of Michigan residents to explore the role that information technology plays in their lives. The 2004 survey is the fifth in the cyber-state.org series; previous surveys were conducted in 2002, 2001, 1999, and 1998. The survey series was developed and conducted by Public Sector Consultants Inc. (www.pscinc.com) and has three components:

- A random telephone survey of 800 Michigan residents aged 18 and older from across the state, having an overall margin of error of ± 3.5 percent with 95 percent confidence.
- A telephone survey of 200 additional respondents across seven of the eight Michigan regions (see Appendix A), conducted to ensure that whenever regional variations are discussed, the margin of error for the results in the different regions is not greater than ± 10 percent with 95 percent confidence.
- An Internet survey of online Michigan residents to gather more detailed information about how they use the Internet. E-mailed invitations were sent to 14,881 people who expressed an interest in receiving Internet surveys, and 2,000 people responded. As explained in that section, these responses are not necessarily representative of the universe of online Michigan residents.

The surveys were conducted between April 7 and April 14, 2004¹. Where appropriate, the survey results were weighted using information from the 2000 United States Census to reflect the Michigan population as accurately as possible (see Appendix B). The telephone and Internet surveys are provided in Appendices C and D, respectively.

The 2004 report references surveys conducted in previous years. In addition to generic caveats about comparing trend survey results, readers should also be aware that the 1998 and 1999 surveys were weighted (when appropriate) to the 1990 Census, while the 2001, 2002, and 2004 surveys were weighted to the 2000 Census.

¹ No calls were made on April 9-10, which was Easter weekend.

Major Findings

- Computer ownership is statistically unchanged from the 2002 survey. However, when viewed across the five surveys conducted between 1998 and 2004, computer ownership has increased in Michigan, rising from 54 percent of all households in 1998 to 70 percent this year.
- Race, presence of children in the home, and educational attainment all continue to be related to computer ownership.
- When asked why they did not have a computer at home, a majority of respondents now cite either cost or lack of desire as the greatest barriers to computer ownership. Expense is more often cited as a barrier by younger respondents; older respondents more often cite simply not wanting to have a computer at home.
- Most respondents report at least one cellular phone in the household (73 percent), an increase of 10 percent from the 2002 survey. Since 1998, the number of respondent households without a cellular telephone has dropped nearly in half—from 49 to 27 percent—a rate of growth *twice* as fast as the growth of computers in the home.
- As was the case in the 2001 and 2002 surveys, ownership of cell phones is higher in both the City of Detroit and Metro Detroit than in other regions of the state. However, in 2004 whites have increased their cellular telephone ownership to be statistically identical to that of African American respondents (77 and 73 percent, respectively). In 2002, more African Americans reported owning a cell phone (76 percent) than did whites (61 percent).
- The switch to cellular telephones as the “main” telephone over a landline is well underway in Michigan. Nearly one-quarter of respondents under the age of 25 (25 percent) and aged 25–34 (21 percent) report their cellular phone is their primary number, a rate at least twice as high as in any other age group. African American respondents were three times as likely as whites to report that their cellular phone is their primary number (28 and 9 percent, respectively).
- The percentage of respondents who have accessed the Internet at some point in their life has increased from 45 percent in 1998 to 70 percent in 2004.
- When respondents were asked why they had not used the Internet, the primary reasons were lack of access to the Internet (32 percent) and that the Internet was not worth the time, hassle, or expense (27 percent). In a change from last year, the percentage of respondents believing the Internet is too complicated decreased from 22 percent to 12 percent.
- The majority of respondents with Internet access at home continue to access the Internet via modem (54 percent); however, an increasing number report using DSL or cable modem connections. The overall increase in DSL and cable modem access between 2001 and 2004 is 25 percent.
- Nearly two-thirds of all online Michiganders have made at least one purchase over the Internet (60 percent), a nearly fivefold increase from the first survey in 1998 (11 percent). In addition, this year’s survey marks the first time that the percent of Michigan residents who have made at least one Internet purchase (42 percent) outnumbers the number of Michigan residents who have never been online (30 percent).
- Nearly one in five (19 percent) Internet respondents had used a handheld computer or a cellular phone to access the Internet. Wireless access appears to be used actively by only a

small segment of all online users. However, given the penetration of cellular phones and the interest in increasing wireless access points, this percent is likely to rise substantially in coming years.

- The 2004 survey reveals that nearly twice as many Internet respondents have accessed the state's website as in 2002 (76 and 40 percent, respectively). There was also a clear preference by respondents—matching the substantial increase in use of the state's own portal, *michigan.gov*—for government services delivered via a portal. More than two-thirds of Internet respondents (69 percent) said they would make greater use of government services if a single site linked local, state, and federal information or access to information.
- Interest in voting either by mail or the Internet in the weeks prior to an election has decreased since 2001. In both 2001 and 2002, a majority of Michigan residents preferred to vote somewhere *other* than a voting booth on election day. In 2004, however, there is no majority for any response; the plurality would prefer to vote in a booth on election day (49 percent) compared to either Internet or mail voting in the weeks prior (47 percent combined).
- The previous survey (2002) marked the first time that a majority of the Michigan public—regardless of whether or not they had ever used the Internet—were “very concerned” that information they gave to a computer-based service or website would not be kept confidential; Internet respondents were not as concerned overall. This year, a majority of **all respondents**—public and Internet—report being “very concerned.”
- Michigan residents continue to express a desire for online government services in theory, but are wary of the practice. As in previous years, a majority of respondents—regardless of survey type or year—believe that public information held by government data about people (property tax records, marriage records, etc.) should *not* be available online. The public is also split on the rules of access to property tax records, with nearly equal proportions believing online access should have no limits versus having built-in limits as to the quantity of data available for review/download.
- However, Internet respondents looked much more favorably on governments combining information held by governments than on businesses combining information from other businesses to create a “single view” of a person or customer.
- Nearly all Internet respondents (96 percent) believe that spam is either annoying or a serious problem on the Internet, and nearly two-thirds (63 percent) believe spam is a serious problem. Attitudes toward spam are relatively unaffected by any demographic characteristic.
- Overall, respondents in 2004 are no more likely to believe that the Internet needs content regulation greater than that of TV or newspapers than they were in 2001; respondents also report being equally concerned about the balance of security between the loss of legal and privacy rights and the threat of terrorism.

Trend Data:

Michigan Households and the Internet

Most of the analysis in this section is based on the **telephone** survey of all Michigan residents, as the telephone survey was constructed to represent all Michigan residents aged 18 and older. Responses from the Internet survey are noted.

DEVICES IN THE HOME

Computer Ownership

Computer ownership is statistically unchanged from the 2002 survey. However, when viewed across the five surveys, computer ownership has increased in Michigan, rising from 54 percent of all households in 1998 to 70 percent this year (see Exhibits 1,2).

- As in previous years, computer ownership is negatively related to the respondent's age; that is, as age increases, computer ownership decreases. While 74 percent of respondents aged 25 and younger own computers, only 48 percent of respondents aged 65 and older do. If growth rates continue, however, the 2004 survey likely marks the last time that a majority of respondents aged 65 and older will not have a computer.
- Respondents by age with the most computers are those younger than age 45, where approximately one-third have more than one computer in the home. Respondents at the top of this band (ages 35–44) had the highest rate of computer ownership overall; 86 percent had at least one computer in the home.
- Geographically, computer ownership is statistically unchanged from the 2002 survey with three exceptions:
 - The percent of respondents in Metro Detroit with no computers at home has decreased from 26 to 15 percent.
 - The percent of respondents in the Thumb region with two or more computers at home has increased from 18 to 30 percent. Similarly, the percent of respondents in the Upper Peninsula with two or more computers at home increased from 11 to 21 percent.
- The majority of respondents to the Internet survey report having one computer (52 percent); nearly twice as many Internet respondents have two or more computers at home compared to the Michigan population as a whole (46 and 26 percent, respectively).

EXHIBIT 1
Number of Computers in the Home

Year	None	One	Two or more
2004	30%	44%	26%
2002	34	45	21
2001	44	39	16
1999	36	44	20
1998	46	40	14

SOURCE: Public Sector Consultants Inc.

EXHIBIT 2

Home PC Ownership, by Region

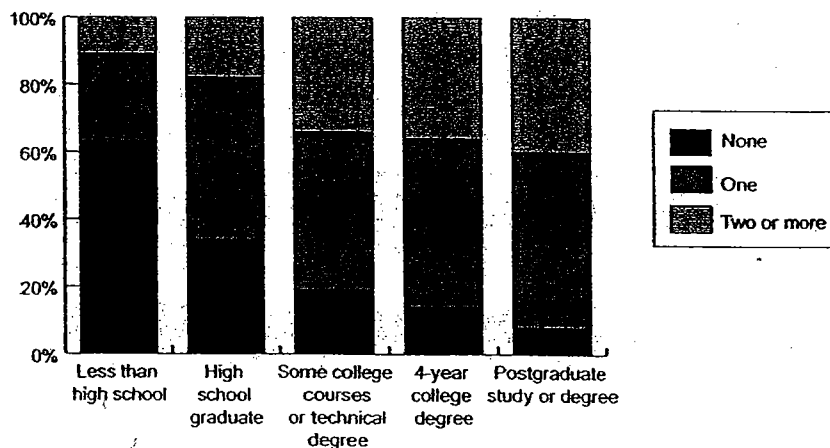
Region	No computer	One computer	Two or more computers
City of Detroit	49%	33%	18%
Metro Detroit	15	50	35
Southern	25	44	31
Western	32	45	23
Central	28	40	32
Thumb	33	37	30
Northern Lower Peninsula	35	49	16
Upper Peninsula	30	50	21

SOURCE: Public Sector Consultants Inc.

- Race, presence of children in the home, and educational attainment all continue to be related to computer ownership.
 - Forty-one percent of African American respondents do not have a computer at home compared to 28 percent of white respondents. This is a slight improvement from 1999, when the comparable figures were 48 and 36 percent, respectively.
 - Nearly twice as many respondents without children at home do not have a computer as respondents with children (35 and 18 percent, respectively).
 - The educational attainment of the respondent is strongly related to computer ownership. As education increases, the percent without a computer in a home decreases from 63 percent of those without a high school diploma to 8 percent of those with postgraduate study or degree (see Exhibit 3).

EXHIBIT 3

Computer Ownership, by Education Level



SOURCE: Public Sector Consultants Inc.

When respondents were asked why they did not have a computer at home, most respondents give the same answer as in 2002—a computer is either too expensive (32 percent) or they do not want a computer at home (36 percent). The greatest change is that the combined percentages of these answers is 20 percent higher than in 2002 (68 percent compared to 48 percent in 2002), meaning a majority of respondents now cite either cost or desire as the greatest barriers to computer ownership (see Exhibit 4).

EXHIBIT 4
Why Don't You Have a Computer at Home?

Reason given	2004	2002
Too expensive	32%	25%
Do not want a home computer	36	23
Too hard to learn and use	7	16
No time to use a home computer	6	15
Can use a computer somewhere else	12	14
Don't know	7	6
Another reason		1

SOURCE: Public Sector Consultants Inc.

NOTE: Asked only of people without a computer at home.

- Expense is more often cited as a barrier by younger respondents; older respondents more often cite lack of desire. Nearly two-thirds of respondents younger than age 35 cite expense, while only one-third (32 percent) of respondents age 55 and older believe the same. Lack of desire is named by nearly half (49 percent) of respondents aged 55 and older, compared to 7 percent of respondents under age 35.
- There is no statistical difference in answers based on race, marital status, or gender.
- As in 2002, twice as many parents of school-age children (52 percent) as respondents without school-age children (26 percent) believe a computer is too expensive.
- Internet respondents name expense as the primary barrier to computer ownership (41 percent). But unlike Michigan residents as a whole, Internet respondents name second the lack of time to use a computer at home (31 percent); lack of desire is named by less than one percent of Internet survey respondents.

Cellular Telephones

Most respondents reported a cellular phone in the household (73 percent), an increase of 10 percent from the 2002 survey. Since 1998, the number of respondent households without a cellular telephone has dropped nearly in half—from 49 to 27 percent—a rate of growth *twice* as fast as the growth of computers in the home (see Exhibit 5).

As was the case with computers, presence of a cellular telephone is related to age and educational attainment. However, unlike computer ownership, a *majority* of all ages and educational levels report having at least one cellular phone in the home. Cellular phone ownership decreases with age (93 percent of respondents under age 25 have at least one cellular telephone in the home, compared to 54 percent of respondents aged 65 and older), but increases with educational attainment (56 percent of respondents with less than a high school diploma to

86 percent with postgraduate study or degree.) Nearly two-thirds (59 percent) of youngest respondents report having *two or more* cellular telephones at home.

Interestingly, there was only a small statistical difference between the cellular telephone ownership reported by Internet respondents versus the Michigan population as a whole; 18 percent of Internet respondents do not have a cellular phone, compared to 27 percent of all Michigan residents.

EXHIBIT 5
Number of Cellular Telephones in the Home

Year	None	One	Two or more
2004	27%	33%	44%
2002	37	31	32
2001	39	30	31
1999	43	36	21
1998	49	33	19

SOURCE: Public Sector Consultants Inc.

As was the case in the 2001 and 2002 surveys, ownership of cell phones is higher in both the City of Detroit and Metro Detroit than in other regions of the state. However, in 2004 whites have increased their cellular telephone ownership to be statistically identical to that of African American respondents (77 and 73 percent, respectively). In 2002, more African Americans reported owning a cell phone (76 percent) than did whites (61 percent).

EXHIBIT 6
Cell Phone Ownership, by Region

Region	No Cell Phone	One Cell Phone	Two or More Cell Phones
City of Detroit	12%	53%	35%
Metro Detroit	14	31	55
Southern	20	35	45
Western	32	32	37
Central	34	23	46
Thumb	28	37	35
Northern Lower Peninsula	39	40	21
Upper Peninsula	42	30	28

SOURCE: Public Sector Consultants Inc.

The greatest changes in ownership by region between the 2002 and 2004 surveys are:

- The percent of respondents in the City of Detroit *without* a cellular phone decreased from 30 to 12 percent. Similarly, the percentage of respondents in the Southern region without a cellular telephone decreased from 37 to 20 percent.
- Respondents in the City of Detroit with at least one cellular phone increased from 27 to 53 percent.

- Respondents with two or more cellular phones increased substantially in Metro Detroit (38 to 55 percent), Western (25 to 37 percent), Central (34 to 46 percent), and the Upper Peninsula (16 to 28 percent).

Respondents to both the telephone and Internet survey were asked which they considered to be their primary telephone number: their traditional, "land line" telephone or their cellular telephone.

- Nearly one-quarter of respondents under age 25 (25 percent) and aged 25–34 (21 percent) report their cellular phone is their primary number, a rate at least twice as high as in any other age group.
- African American respondents were three times as likely as whites to report that their cellular phone is their primary number (28 and 9 percent, respectively).
- There is no statistical difference between the Michigan population at large and the universe of online Michigan residents (87 percent each) who name their home phone as their primary number, or who name their cellular phone primary (12 and 11 percent, respectively). This may be due to sampling bias of the telephone survey: by practice and by law, survey research companies must exclude cellular telephone exchanges from random dialing patterns because the cost of the call is borne by the cellular telephone user ("receiver pays," as opposed to a typical landline-to-landline call where the "caller pays"). Therefore, finding that only one in ten Michigan residents believes their cellular phone is their primary phone is likely understated.

EXHIBIT 7

What Do You Consider Your Primary Telephone Number?

Primary Phone Number	All Michigan Residents (telephone)	Internet Users (telephone)	Internet survey
Home/landline	87%	87%	73%
Cellular	12	11	14
Depends on who is calling	0	1	8
Both/either	1	1	5
Some other number	0	1	0

SOURCE: Public Sector Consultants Inc.

When asked why they do not have a cellular telephone, respondents in nearly equal proportions name not wanting a cellular phone (38 percent) as name believing their landline phone is the only service they need (34 percent). Roughly half as many name the expense of cellular phone service as the primary barrier (19 percent). Internet respondents, however, named expense as the primary barrier (41 percent), with landline service (27 percent) and lack of desire (21 percent) sharing second position.



News

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HISPANICS' CELLULAR BILLS ARE 10 PERCENT HIGHER THAN THE NATIONAL AVERAGE

Hispanics Also Spend More on Local and Long Distance Telephone Services and Are More Likely To Switch Cell Phone Carriers

NEW YORK (February 18, 2004) – Scarborough Research, a leader in identifying the shopping, media and lifestyle patterns of consumers in the United States, released a study which found that Hispanics spend more on their monthly household cellular phone service than the national average. According to the study, the average monthly household cellular bill for Hispanics is \$67, which is more than 10 percent higher than the national average of \$60. Nationally, 64 percent of Hispanics live in a household with a cellular phone subscription. This is virtually equal to the national cell phone penetration rate of 66 percent.

Hispanics also report spending more on their monthly household long distance and local telephone service bills. The average household long distance bill for Hispanics is \$33 versus \$27 for all consumers. Hispanics average \$36 per month for local service which is slightly higher than the national average of \$34.

Nineteen percent of Hispanic consumers who said they or a member of their household subscribes to wireless service plan to switch carriers in the next year. They are 22 percent more likely than all wireless subscribers to do so.

"Hispanics are consuming products and services at a rate equal to, and, in certain instances, greater than the general population. These consumers, characterized as the 'largest minority group' in the 2000 Census, are in fact a consumer force to be reckoned

with," said Bob Cohen, Ph.D., President and CEO, Scarborough Research. "In the case of telecom, Hispanics tend to place great value on social and family ties, which makes being connected very important. This cultural nuance places Hispanics among the telecom industry's best customers."

Hispanics are 24 percent more likely than all consumers to have spent \$150 or more on their monthly household cellular bill last month. They are 86 percent more likely than all consumers to spend \$100 or more on their monthly long distance service and 41 percent more likely to spend \$100 or more on their monthly local phone service.

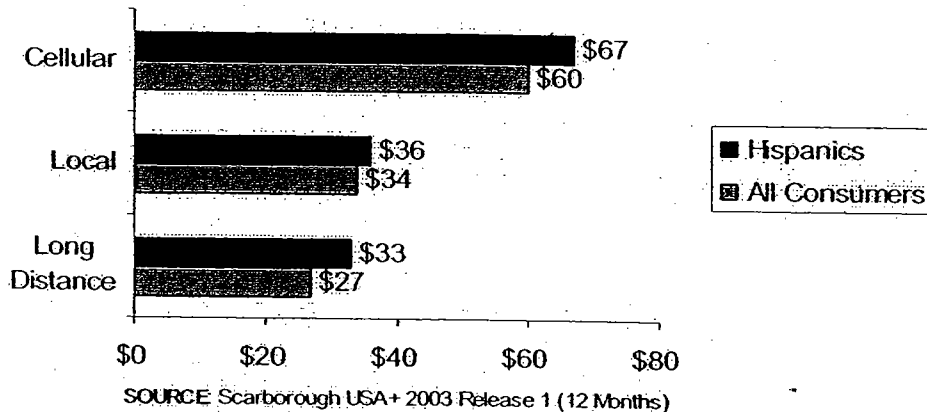
The Scarborough study also found local market differences when it comes to household cell phone penetration among Hispanics. Miami and New York lead local Hispanic markets* in cell phone penetration. Seventy-four percent of Hispanics in Miami and 71 percent in New York said they or a member of their household subscribes to cellular service.

"The growth of the Hispanic marketplace in the U.S. is a national phenomenon, but marketing to these consumers requires a local focus," said Dr. Cohen. "Cultural differences, shopping patterns and language preferences are important factors that distinguish Hispanic segments and these are driven at the local market level. Through better understanding Hispanics where they live, marketers can maximize their multicultural budget, make more informed media decisions, streamline the marketing process and expand their brand's reach."

Data in this report is from Scarborough USA+ 2003 Release 1. The 2003 data on switching carriers is from Release 1 and represents six months of measurements. The other 2003 data represents 12 months. DMA is a registered trademark of Nielsen Media Research. All other trade names are the property of their respective owners. Charts follow.

*Hispanic markets are defined as those DMAs which have 10-percent or more adults who define their ethnicity in the Scarborough study as "Spanish/Hispanic."

Average Monthly Household Telephone Expenditures: Hispanics vs. All Consumers



Scarborough Hispanic Local Market* Analysis: Cell Phone Penetration** Among Hispanic Consumers

DMA ***	%
Miami/Ft. Lauderdale	74%
New York	71%
West Palm Beach/Fort Pierce	71%
Austin	70%
Fort Myers/Naples	68%
Sacramento/Stockton/Modesto	68%
Denver	68%
Orlando/Daytona Beach/Melbourne	67%
Albuquerque/Santa Fe	67%
San Francisco/Oakland/San Jose	66%
Honolulu	66%
San Antonio	65%
Houston	64%
Phoenix	64%
Los Angeles	63%
Tucson	61%
El Paso	61%
San Diego	60%
Dallas/Fort Worth	59%
Chicago	58%
Fresno/Visalia	58%
Las Vegas	57%

SOURCE: Scarborough USA+ 2003 Release 1 (12 Months).

*Hispanic Local Market = DMAs which have 10 percent or more adults who define their ethnicity in the Scarborough study as "Spanish/Hispanic."

**Cell Phone Penetration = Percent of Hispanic consumers 18+ who said they or a member of their household subscribes to cellular/wireless service.

***DMA® is registered trademark of Nielsen Media Research. All other trade names are the property of their respective owners.

About Scarborough Research

Scarborough Research is a leader in identifying local, regional and national shopping patterns and media usage for the American consumer. Scarborough provides data solutions and media strategies for today's complex marketing challenges. Our data helps our clients acquire and retain customers and better distinguish their brands.

Scarborough offers studies that focus on Hispanics, including a multiple market study of the nation's most densely populated Hispanic areas as well as local market Hispanic studies. Scarborough's 3,500+ subscribers rely on the company's data to acquire and retain customers, expand the reach of brands, increase sales and roll out new markets.

Surveying more than 200,000 adults annually, Scarborough measures adult consumers in the local markets where they live. Scarborough Research is a joint venture between Arbitron Inc. and VNU Media Measurement & Information. For additional information, please log on to www.scarborough.com.

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This press release is available on the Scarborough web site at www.scarborough.com and the KCSA Web site at www.kcsa.com.



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

June 21, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

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Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**EMERGENCY MEDICAL SERVICES COMMISSION'S RECOMMENDATION TO
SUPPORT THE EMERGENCY AND MEDICAL SERVICES INITIATIVE, AND
RESPONSE TO QUESTIONS RELATING TO LOCAL FUNDING (ITEM NO. 31,
AGENDA OF JUNE 22, 2004)**

Item No. 31 on the June 22, 2004 Agenda is 1) the recommendation from the Emergency Medical Services Commission (EMSC) to support the Emergency and Medical Services Initiative, and 2) the recommendation from Supervisors Knabe and Antonovich to direct the Chief Administrative Officer to review the State Legislative Analyst's Office (LAO) report on the Initiative regarding the transfer of Maddy Emergency Services and Proposition 99 funds from the County to the State and to report back to the Board within one week with findings. Attachment I includes materials previously provided to the Board regarding this matter.

The Emergency and Medical Services Initiative

The Emergency and Medical Services Initiative, sponsored by the Coalition to Preserve Emergency Care, would increase the surcharge on telephone calls made within California to fund 911 emergency dispatch, emergency rooms, trauma centers, and emergency doctors. The measure would increase the 911 surcharge by 3 percent. It would cap the cost of the overall surcharge for residential telephone customers at a maximum of 50 cents per month, and exempt senior citizens and others who receive lifeline service. However, the cap on residential customers would not apply to mobile or commercial telephone users. The Initiative would also create a Commission within the California Department of Health Services to advise the Department Director on the administration of the funds created by the measure.

The LAO estimates that increasing the existing emergency telephone surcharge on calls made within California by 3 percent, would generate about \$550 million in additional annual revenues, which would probably increase in future years.

Effect on Maddy and Proposition 99 Funds

The LAO report (Attachment II) indicates that, under State and Federal law, any person seeking emergency medical care must be provided such care regardless of their ability to pay. Some of the cost of this uncompensated care is offset by various State and county government subsidies. The current State budget allocates about \$25 million to help pay for physician uncompensated emergency care from State tobacco tax revenues received under a 1988 initiative known as Proposition 99.

Counties are also authorized to establish a Maddy Emergency Medical Services Fund comprised of criminal fines and penalties. After the cost of administering the fund is deducted (up to 10 percent), counties must use 58 percent of the remaining funds to reimburse physicians for uncompensated emergency and trauma care, 25 percent to reimburse hospitals for such care, and 17 percent for other emergency medical services.

Overall, the LAO indicates the initiative would result in the transfer of about \$32 million annually to the State from county Maddy Funds for physician uncompensated care. It would also allocate about \$32 million annually in Proposition 99 funds to reimburse physicians and community clinics for uncompensated care. The County's share of Maddy funds and Proposition 99 physician funds are \$8.6 million and \$9 million, respectively.

Maddy Funds. The LAO reports that the initiative would transfer a portion of the local Maddy revenues to the State. The portion transferred would be the 58 percent share for physician reimbursements.

However, the initiative authorizes a county to petition the State to locally administer its existing Maddy funds, as well as the additional funding made available under the initiative. Department of Health Services (DHS) staff report that they have received an indication from the California Department of Health Services staff that the County, considered to have one of the model physician reimbursement programs, would likely be approved to continue to manage the physician funds.

Proposition 99 Funds. The LAO indicates that the initiative would protect certain Proposition 99 funds at the expense of other programs. This would occur by requiring that the appropriation of Proposition 99 funding to reimburse physicians and community clinics for uncompensated care, be continued in future years at current levels despite the overall decline in Proposition 99 revenues.

Among the Proposition 99-supported programs of County interest that would be affected are; tobacco control, and the California Healthcare for Indigents Program (CHIP). The County's annual tobacco control and CHIP allocations are about \$3.7 million and \$11.6 million, respectively. As a result of the initiative, tobacco control and CHIP funds would likely decline, and at a rate faster than experienced in recent years. However, the program areas supported by CHIP funds, namely uncompensated hospital services, would increase overall due to the new funding from the increased telephone surcharge.

County Policy and Recommendation

Historically, the County has supported emergency medical and trauma care funding. For example, the County sponsored Measure B in 2002, which raised property taxes for emergency and trauma care, and SB 726 (Romero), which would provide the County with the authority to pursue a local alcohol tax for similar purposes. The County's State Legislative Agenda adopted by the Board on December 16, 2003, includes the following policy statements: 1) reaffirm the County's commitment to the trauma care system in Los Angeles County, and continue to work with the Statewide coalition to seek a continuation of State funding for trauma centers, and 2) support measures to provide permanent, stable funding for the County's public and private emergency and trauma care system.

The Department of Health Services recommends that the County support the initiative because it would provide new funding to stabilize emergency and trauma care locally. However, because there is no existing County policy on increasing the telephone surtax to fund emergency medical services, support for this measure is a matter for Board policy determination.

DEJ:GK
MAL:JF:MS:ib

Attachments

c: Executive Officer, Board of Supervisors
County Counsel
Department of Health Services



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Violet Varona-Lukens, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

At its meeting held May 18, 2004, the Board took the following action:

79

The following item was called up for consideration:

The Emergency Medical Services Commission's recommendation to support the State ballot initiative sponsored by the Coalition to Preserve Emergency Care, to increase the surcharge on telephone calls made within California to fund 9-1-1 emergency dispatch, emergency rooms, trauma centers and emergency doctors; and approve the following related actions:

Support the ongoing State emergency services appropriation to protect funding for physician call panels (AB 1762);

Request the Emergency Medical Services (EMS) Agency to request the State Department of Health Services to provide clarification on the monitoring process for nurse staffing ratios; and an opinion on Title 22 and potential conflicts with Federal law and Emergency Transfer And Labor Act, specifically as they relate to nurse staffing ratios;

Support legislation to develop additional nursing programs or to expand existing programs to educate more nurses in the State of California;

Request the EMS Agency to distribute copies of the Public Hearing transcript to the Los Angeles County Legislative Delegation;

(Continued on Page 2)

79 (Continued)

Request the EMS Agency to work with the Department of Health Services, or any other agencies, to bring back recommendations on how best to organize a study process of the broader issues impacting the County EMS system; and

Convey to the Board that the implementation of the nurse staffing ratios may result in the closure of inpatient beds resulting in a backup in emergency departments and ultimately, a backup into the prehospital setting resulting in a deleterious impact to public safety.

After discussion, on motion of Supervisor Burke, seconded by Supervisor Knabe, unanimously carried, the Emergency Medical Services Commission's attached recommendations were approved with the exception of the portion relating to support of the 911 Emergency and Trauma Care Act ballot initiative which was continued four weeks to June 15, 2004.

8051804-79

Attachment

Copies distributed:

- Each Supervisor
- Chief Administrative Officer
- County Counsel
- Director of Health Services
- Director, Emergency Medical Services Agency

Letter sent to:

- Chair, Emergency Medical Services Commission



County of Los Angeles
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DAVID E. JANSSEN
Chief Administrative Officer

May 14, 2004

Board of Supervisors
GLORIA MOLINA
First District

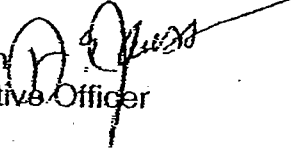
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Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen 
Chief Administrative Officer

**EMERGENCY MEDICAL SERVICES COMMISSION'S RECOMMENDATIONS TO
ADDRESS THE IMPENDING CRISIS IN EMERGENCY MEDICAL SERVICES
(ITEM NO. 79, AGENDA OF MAY 18, 2004)**

Item No. 79 on the May 18, 2004 Agenda is a report from the Emergency Medical Services Commission (EMSC) on the November 13, 2003 public hearing hosted by the Commission to examine the impending crisis in emergency medical services in Los Angeles County. At the Board meeting of March 16, 2004, the item was continued pending qualification of the State ballot initiative (known as the 911 Emergency and Trauma Care Act) recommended for support by the EMSC. Previously, my office has provided the Board with additional information about the initiative which is attached.

As a result of its November 2003 hearing, the EMSC developed seven recommendations, three of which address either a proposed State ballot measure or legislative issues. The recommendations are to support 1) the State ballot initiative sponsored by the Coalition to Preserve Emergency Care, 2) the ongoing State emergency services appropriation to protect funding for physician call panels, and 3) legislation to develop additional nursing programs, and to expand existing programs to educate more nurses in the State of California.

Status of the 911 Emergency and Trauma Care Act

The 911 Emergency and Trauma Care Act initiative sponsored by the Coalition to Preserve Emergency Care would increase the surcharge on telephone calls made within California to fund 911 emergency dispatch, emergency rooms, trauma centers, and emergency doctors. According to media accounts, proponents submitted sufficient signatures to

qualify for the November ballot. County elections officials are currently verifying the signatures before forwarding them to the Secretary of State. On April 7, 2004, the California Healthcare Association, one of the members of the Coalition, announced it was withdrawing participation in the ballot initiative campaign because recent research and polling results suggested that the timing is not right for placing the initiative before voters.

The Department of Health Services (DHS) recommends the County support the initiative because it would provide new funding to stabilize emergency and trauma care locally. However, because there is no existing County policy regarding increasing the telephone surtax to fund emergency medical services, support for this measure is a matter for Board policy determination.

Funding for Physician Call Panels

AB 1762, the budget trailer bill addressing health issues in the 2003-04 State Budget, included a \$25 million appropriation for distribution to physicians providing uncompensated emergency services on physician call panels. Physician call panels are lists of physicians who agree to be on call to provide emergency medical services at specific hospitals. The County supported this budget appropriation consistent with existing legislative policy to support proposals to provide permanent, stable funding for the County's public and private emergency and trauma care system. This policy was reaffirmed in the State Legislative Agenda for the second year of the 2003-04 State Legislative Session approved by the Board on December 16, 2003. Because this funding will help hospitals maintain current levels of trauma and emergency services by ensuring that physicians will continue to participate on call panels, DHS recommends that the County support ongoing State appropriations for Emergency Medical Services, and we concur.

Funding for Nursing Programs

The Department of Health Services/Emergency Medical Services indicates that expanding educational programs, developing innovative approaches to attract students to nursing, and supporting them through the program, will help to decrease the nationwide nursing shortage and ensure adequate nursing staff for the future.

Historically, the County has supported a number of measures which were intended to increase the availability of nursing staff. For example, the County sponsored SB 885 (Polanco) in the FY 2001-02 Legislative Session seeking a \$3 million State appropriation for the Los Angeles County College of Nursing and Allied Health to expand the program and help to address the nursing shortage in California. However, SB 885 died in the Senate Education Committee without a hearing. The County is currently supporting AB 2989 (Corbett) which would extend the maximum amount of time CalWORKs recipients

Each Supervisor
May 14, 2004
Page 3

who are enrolled in registered nursing programs may receive aid. The County is seeking amendments to the bill to also apply the extension to recipients enrolled in Licensed Vocational Nursing programs, and to require nursing program graduates to work in underserved areas for at least two years after graduation. AB 2989 is awaiting a hearing date in the Assembly Appropriations Committee.

DHS recommends that the County support legislation to develop additional nursing programs, and to expand existing programs to educate more nurses in the State of California, and we concur. Support for such legislation is consistent with existing County legislative policy to support State funding for the Los Angeles County College of Nursing and Allied Health, and enhanced funding for nursing education and training at public universities and teaching hospitals.

DEJ:GK
MAL:JF:MS:ib

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
Department of Health Services



County of Los Angeles
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DAVID E. JANSSEN
Chief Administrative Officer

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Third District

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MICHAEL D. ANTONOVICH
Fifth District

March 12, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

**EMERGENCY MEDICAL SERVICES COMMISSION'S RECOMMENDATIONS TO
ADDRESS THE IMPENDING CRISIS IN EMERGENCY MEDICAL SERVICES
(ITEM NO. 70, AGENDA OF MARCH 16, 2004)**

Item No. 70 on the March 16, 2004 Agenda is a report from the Emergency Medical Services Commission (EMSC) on the November 13, 2003 public hearing hosted by the Commission to examine the impending crisis in emergency medical services in Los Angeles County. At the Board meeting of January 20, 2004, the item was continued pending qualification of the State ballot initiative recommended for support by the EMSC (known as the 911 Emergency and Trauma Care Act), and for additional information about the initiative.

As a result of their November 2003 hearing, the EMSC developed seven recommendations, three of which address either a proposed State ballot measure or legislative issues, and are the focus of this memo. The recommendations are to support 1) the State ballot initiative sponsored by the Coalition to Preserve Emergency Care, 2) the ongoing State emergency services appropriation to protect funding for physician call panels, and 3) legislation to develop additional nursing programs, and to expand existing programs to educate more nurses in the State of California.

This memo provides additional information about the 911 Emergency and Trauma Care Act initiative. Our previous report on EMSC recommendations is attached.

Status of the 911 Emergency and Trauma Care Act

The 911 Emergency and Trauma Care Act initiative sponsored by the Coalition to Preserve Emergency Care would increase the surcharge on telephone calls made within California to fund 911 emergency dispatch, emergency rooms, trauma centers, and emergency doctors. The measure is in circulation until April 12, 2004, and has yet to qualify for the November ballot. (Our memo of January 8, 2004 incorrectly noted the deadline as January 12, 2004.) In order to qualify, the measure needs 598,105 signatures.

Revenue and Allocation Provisions of the 911 Emergency and Trauma Care Act

Under current law, the State imposes a surcharge on each monthly telephone bill, including mobile telephones, and the revenues are deposited into the State Emergency Telephone Number (911) Account. The 911 Account is used to reimburse government agencies and telephone companies for equipment and related costs associated with the California 911 system.

The current surcharge is applied to all charges for intrastate telephone calls, and has a floor of 0.5 percent and a cap of 0.75 percent. Each year, the California Department of General Services determines the surcharge rate based on an estimate of the costs of the California 911 system. The current surcharge rate is 0.72 percent, and does not apply to lifeline telephone service or coin-operated telephones. The surcharge is collected via monthly telephone bills and generated an estimated \$132.5 million in 2003-04. Over the past number of years, increases in 911 Account revenues have been attributable to increased mobile telephone usage.

The 911 Emergency and Trauma Care Act initiative would increase the 911 surcharge by 3 percent. The measure would cap the cost of the overall surcharge for residential telephone customers at a maximum of 50 cents per month and exempt senior citizens and others who receive lifeline service. However, the cap on residential customers would not apply to mobile or commercial telephone users. The Legislative Analyst has estimated the 3 percent increase in the surcharge would generate about \$550 million annually.

The measure would allocate the revenue as follows: 60% (\$330 million) to emergency and trauma hospital services, 30.5% (\$167 million) to emergency and trauma physician services, 5% (\$27.5 million) to community clinics which provide urgent and primary care services, 3.75% (\$20.6 million) to emergency and trauma first responders and paramedics, and 0.75% (\$4.1 million) to the existing 911 Account. The funding for hospital, physician, and clinic services would reimburse the costs of care rendered to uninsured and underinsured patients, and the funding for first responders is targeted for training and equipment.

Amendments and Supplantation and the 911 Emergency and Trauma Care Act

While the overall intent of the 911 Emergency and Trauma Care Act initiative is to increase funding to specific health care providers and programs, the measure does contain a provision allowing the Legislature to amend the Act by statute to "further its purposes" subject to a four-fifths vote. Other than this provision, the initiative does not address any potential future increases or decreases in the new surcharge, or changes to program priorities.

With respect to supplantation, as previously reported to the Board by County Counsel on January 16, 2004, the initiative prevents the State from using the proceeds of the measure to supplant existing State funding streams, but does allow the State to recoup certain costs associated with administering the new Act, subject to a cap.

Status of Litigation Against the City of Los Angeles Concerning its Tax on Wireless Services

Your Board inquired of the status of a lawsuit involving the City of Los Angeles and whether the issues raised by the parties would clarify which governmental agency (i.e., the California Public Utilities Commission or the Federal Communications Commission) has jurisdiction over wireless companies and whether a state may tax long distance wireless calls to another state or country. County Counsel has advised that the basis for the suit does not address these issues, but rather involves a dispute as to whether the City may revise the method of calculating a utility users tax ("UUT") on wireless services. County Counsel has advised that the City had required wireless companies to pay a UUT based on the monthly access charges of cellular phone users. However, in August 2002, a newly enacted Federal law authorized local jurisdictions to tax wireless telephone services if the place of primary use is within its jurisdiction, and regardless of where a wireless call originates or terminates. As a result, the City of Los Angeles instructed wireless companies to revise their UUT calculations based on each user's full cellular telephone bill. In September 2003, Verizon and AT&T Wireless filed suit against the City alleging that the revised instructions for calculating the UUT requires voter approval pursuant to Proposition 218. This matter is still pending and County Counsel has indicated that it will continue to monitor the litigation in the event that the parties may raise other issues clarifying the questions raised by your Board.

DEJ:GK
MALJF:b

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
Department of Health Services



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DAVID E. JANSSEN
Chief Administrative Officer

January 9, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

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**EMERGENCY MEDICAL SERVICES COMMISSION'S RECOMMENDATIONS TO
ADDRESS THE IMPENDING CRISIS IN EMERGENCY MEDICAL SERVICES
(ITEM NO. 38, AGENDA OF JANUARY 13, 2004)**

Item No. 38 on the January 13, 2004 Agenda is a report from the Emergency Medical Services Commission (EMSC) on the November 13, 2003 public hearing hosted by the Commission to examine the impending crisis in emergency medical services in Los Angeles County. As a result of the hearing, the Commission developed seven recommendations, three of which address either a proposed State ballot measure or legislative issues and are the focus of this memo. The recommendations are to support 1) the State ballot initiative sponsored by the Coalition to Preserve Emergency Care, 2) the ongoing State emergency services appropriation to protect funding for physician call panels, and 3) legislation to develop additional nursing programs and to expand existing programs to educate more nurses in the State of California.

Support "The 911 Emergency and Trauma Care Act"

The State ballot initiative sponsored by the Coalition to Preserve Emergency Care, known as "the 911 Emergency and Trauma Care Act," would increase the surcharge on telephone calls made within California to fund 911 emergency dispatch, emergency rooms, trauma centers and emergency doctors. The measure is in circulation until January 12, 2004, and has yet to qualify for the November ballot. If enacted, the initiative would be effective January 1, 2005. Among the sponsors of the measure are the California Healthcare Association, the California Medical Association, the California Primary Care Association, and the American College of Emergency Physicians of California.

The measure would increase the 911 surcharge by 3 percent to 3.7 percent on telephone calls made within California. Although there have been no formal analyses of the initiative proposal, a California Medical Association newsletter notes that it would raise an estimated \$600 million to \$800 million annually. The measure would cap the cost of the surcharge for residential telephone customers at a maximum of 50 cents per month and exempt senior citizens and others who are on basic life-line rates. However, the cap on residential customers does not apply to mobile telephone services.

The measure would allocate the revenue as follows: 60% to emergency and trauma hospital services, 30.5% to emergency and trauma physician services, 5% to community clinics which provide urgent and primary care services, 3.75% to emergency and trauma first responders and paramedics, and 0.75% to the 911 emergency telephone systems. The funding for hospital, physician and clinic services would reimburse the costs of care rendered to uninsured and underinsured patients.

The Department of Health Services/Emergency Medical Services (DHS/EMS) indicates that this ballot initiative will help to address the emergency medical services crisis by: 1) increasing funding to overcrowded emergency departments to help them meet the growing demand for emergency care, 2) helping to fund community clinic care for the uninsured, which would provide some relief for emergency department overcrowding, 3) reimbursing emergency physicians and on-call specialists for uncompensated care, which will help to ensure that physicians continue to participate on call panels and provide emergency medical services, 4) providing funds to train more paramedics and equip Advanced Life Support units to ensure timely prehospital care to all parts of the County, and 5) helping the County-operated hospitals continue as the healthcare "safety net" by ensuring a steady funding stream for indigent and uninsured care. Therefore, DHS recommends that the County support the State ballot initiative sponsored by the Coalition to Preserve Emergency Care, known as "the 911 Emergency and Trauma Care Act."

Historically, the County has supported emergency medical and trauma care funding. For example, the County sponsored Measure B in 2002 which raised property taxes for emergency and trauma care, and SB 726 (Romero), which would provide the County with the authority to pursue a local alcohol tax for similar purposes. However, because there is no existing County policy regarding increasing the telephone surtax to fund emergency medical services, support for this measure is a matter for Board policy determination.

Support Ongoing State Appropriations for Emergency Medical Services

AB 1762, the budget trailer bill addressing health issues in the 2003-04 State Budget, included a \$25 million appropriation for distribution to physicians providing uncompensated

emergency services. The County supported this budget appropriation consistent with existing legislative policy to support proposals to provide permanent, stable funding for the County's public and private emergency and trauma care system. This policy was reaffirmed in the State Legislative Agenda for the second year of the 2003-04 State Legislative Session approved by the Board on December 16, 2003. Because this funding will help hospitals maintain current levels of trauma and emergency services by ensuring that physicians will continue to participate on call panels, DHS recommends that the County support ongoing State appropriations for Emergency Medical Services, and we concur.

Support Legislation to Develop and Expand Nursing Programs

The Department of Health Services/Emergency Medical Services indicates that expanding educational programs, developing innovative approaches to attract students to nursing, and supporting them through the program, will help to decrease the nationwide nursing shortage and ensure adequate nursing staff for the future.

Historically the County has supported a number of measures which were intended to increase the availability of nursing staff. For example, the County sponsored SB 885 (Polanco) in the FY 2001-02 Legislative Session seeking a \$3 million State appropriation for the Los Angeles County College of Nursing and Allied Health to expand the program and help to address the nursing shortage in California. However, SB 885 died in the Senate Education Committee without a hearing.

Consistent with existing County legislative policy to support State funding for the Los Angeles County College of Nursing and Allied Health, and enhanced funding for nursing education and training at public universities and teaching hospitals, DHS recommends that the County support legislation to develop additional nursing programs and to expand existing programs to educate more nurses in the State of California, and we concur.

DEJ:GK
MAL:JF:MS:hg/n

c: Executive Officer, Board of Supervisors
County Counsel
Department of Health Services



October 30, 2003

Hon. Bill Lockyer
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Tricia Knight
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code Section 9005, we have reviewed the proposed initiative entitled "The 911 Emergency and Trauma Care Act" (File No. SA2003RF0043). This measure would increase the existing emergency telephone surcharge to provide funding for uncompensated emergency medical care in California.

Background

Emergency Telephone Number Surcharge

The Department of General Services (DGS) and the Board of Equalization are responsible for administering the State Emergency Telephone Number (911) Account. The 911 Account is funded through a surcharge that is placed on each monthly phone bill (each user could potentially receive bills from multiple phone companies). Under current law, the surcharge rate can be set up to 0.75 percent. The state has currently set the rate at 0.72 percent. Revenues in the 911 Account are used to reimburse government agencies and telephone companies for equipment and related costs associated with California's 911 emergency phone system. Due to an increase in the number of cellular phone accounts, the 911 account has maintained a reserve that has ranged from \$15 million to \$80 million in recent years. The revenue projected from the current surcharge in 2003-04 is \$133 million.

Costs and Funding for Uncompensated Emergency Care

Under state and federal law, any person seeking emergency medical care must be provided such care regardless of their ability to pay. As a result, hospitals and physicians who provide emergency and trauma care are often not fully compensated for the care they provide.

Some of the cost of this uncompensated care is partly offset by various state and county government subsidies. For example, the current state budget allocates about

\$25 million in state tobacco product tax revenues received under a 1988 initiative known as Proposition 99, to help pay for uncompensated emergency care provided by hospitals and physicians, and an additional \$6.8 million for community clinics. Because the number of tobacco users is declining, this funding source has and will continue to decrease.

Also, under existing law, each county is authorized to establish a Maddy Emergency Medical Services Fund comprised of specified revenues from criminal fines and penalties. Counties may use up to 10 percent of these revenues for the cost of administering the fund. After these costs have been deducted, 58 percent of the remaining funds are to be used to reimburse physicians for uncompensated emergency and trauma care, 25 percent to reimburse hospitals for such care, and 17 percent for other emergency medical services such as regional poison control centers.

Even with these subsidies, hospitals and physicians generally are not being compensated for all of the emergency and trauma care that they provide.

Proposal

New Revenues Generated Under the Measure

This measure increases funding for emergency medical care by imposing an additional 3 percent emergency telephone surcharge, in addition to the existing surcharge, on intrastate telephone calls. The measure specifies that a telephone company could not bill a surcharge to a residential user of more than 50 cents per monthly phone bill. The amount of the surcharge on mobile telecommunication services and commercial telephone lines would not be capped. Revenues from the increased surcharge would be deposited in a new 911 Emergency and Trauma Care Fund established by the measure.

Other Funding Provisions

In addition to providing the new revenues, this measure contains some provisions that would affect the allocation of existing state and local funds.

First, the initiative requires all counties to establish a Maddy Fund and transfers a portion of the local Maddy Emergency Services Fund revenues to the state for emergency physician and surgeon reimbursements. While the purpose of these funds would remain the same, this measure would generally shift the administration of the money from counties to the state. However, a county could apply for and obtain permission from the state to administer its existing Maddy funds for physicians and surgeons, as well as the additional funding made available under this initiative for uncompensated emergency and trauma care provided by physicians and surgeons.

In addition, this measure would require that certain appropriations of Proposition 99 funding to reimburse physicians and community clinics for uncompensated emergency room and trauma care be continued in future years at the current level of funding.

How This Funding Would Be Spent

Funding Allocated to Various Accounts. This measure would allocate the additional revenues from the new telephone surcharge to the 911 Emergency and Trauma Care Fund, which in turn would be distributed to the following accounts:

- 0.75 percent to the 911 Account.
- 3.75 percent to the Emergency and Trauma First Responders Account.
- 5 percent to the Community Clinics Urgent Care Account.
- 30.5 percent to the Emergency and Trauma Physician Uninsured Account.
- 60 percent to the Emergency and Trauma Hospital Services Account.

Additionally, the measure would establish the Emergency and Trauma Physician Unpaid Claims Account and would shift 58 percent of penalty assessments now being collected by county Maddy Emergency Medical Services Funds to this new state-administered account. The Proposition 99 appropriations that would be continued under the initiative would be allocated under the measure to several of the accounts specified above.

Funding Purposes and Administration. Most of the additional revenues generated by this measure would be used to reimburse physicians and hospitals for uncompensated emergency and trauma care. A smaller portion of the funding would be used to improve the state's emergency phone number system, to help train and equip "first responders" (such as firefighters and paramedics) for emergencies, and to support community clinics. Below is a more detailed description of the purpose of these various proposed accounts and how they would be administered.

The 911 Account would be administered by DGS for the purpose of making technological and service improvements to the basic emergency phone number system. Under the measure, the DGS would establish criteria for disbursing these funds to state or local agencies.

Emergency and Trauma First Responders Account funding would be administered by the Office of the State Fire Marshal and would be allocated to the California Firefighter Joint Apprenticeship Training Program for training and related equipment for firefighters, paramedics, and other first responders.

Community Clinics Urgent Care Account funds would be allocated by the Office of Statewide Health Planning and Development (OSHPD) to nonprofit clinics providing

urgent care services to the uninsured. Funding would generally be allocated based upon each clinic's total number of reported medical "encounters" with uninsured patients (such as a visit to a clinic to see a doctor). Reimbursements to OSHPD for its administrative costs would be limited to 1 percent of the funds credited to the account during a fiscal year.

The Emergency and Trauma Physician Uninsured Account and the Emergency and Trauma Physician Unpaid Claims Account would provide reimbursement of claims filed by physicians and surgeons who are not employed by hospitals and who provide uncompensated emergency services to patients. Both accounts would be administered by the Department of Health Services (DHS), but a county could apply for and obtain permission to administer the funds allocated from these accounts within its jurisdiction. The Emergency and Trauma Physician Service Commission, consisting of ten emergency medical professionals, would be created in DHS to provide advice on all aspects of the accounts as well as to review and approve relevant forms, guidelines, regulations, and county applications to administer funds from these accounts. Reimbursement to DHS for these administrative costs would be limited to 4 percent of the total account receipts each fiscal year, although the commission would be authorized to set a different percentage limit.

Funds in the Emergency and Trauma Hospital Services Account would be distributed by DHS to hospitals to reimburse them for the cost of uncompensated emergency and trauma care. Funds would be allocated based on each hospital's number of emergency department visits, the amount of charity care a hospital provided, and losses from unpaid bills for hospital services. Up to 1 percent of the fund's receipts could be used to reimburse DHS for the administrative costs of this account.

Fiscal Effects

New Revenues for Emergency Care Services. Based upon the current number of residential and commercial landlines and cellular phone subscribers, we estimate that increasing the existing surcharge by 3 percent would raise about \$550 million in additional annual revenues (probably growing in future years). The number of residential users affected by the monthly cap is difficult to estimate and would depend on variations in monthly phone usage.

Impact on Existing State and Local Revenues. Based on the most recent data available from 2001-02, we estimate that this initiative would result in the transfer each year of about \$32 million to the state from the county Maddy Emergency Medical Services Funds to reimburse physicians and surgeons for uncompensated emergency care.

The measure also would allocate about \$32 million per year in Proposition 99 funds to reimburse physicians and surgeons and community clinics for uncompensated

emergency care. These funding allocations would provide a fixed continuing source of revenue for uncompensated medical services, but could occur at the expense of other programs reliant on funding available from Proposition 99, because tobacco levies are a declining source of state revenues.

State and Local Administrative Costs. This measure would result in increased state administrative expenditures for the implementation of a number of its provisions. We estimate that the *ongoing* administrative costs incurred by state departments would probably amount to about \$5 million to \$6 million dollars annually, which are to be offset by the additional revenues generated under this measure.

State departments would also incur significant *one-time* start-up costs to develop the necessary forms, regulations, and accounting systems to administer the larger accounts proposed in this measure. For OSHPD, it is possible these one-time costs could exceed the resources provided for this purpose by the initiative by several hundred thousands of dollars. State departments may also incur minor loan interest expenses if insufficient revenues were available at the time of the start-up activities.

The measure would also result in minor administrative expenditures at the local level, particularly in counties that have not established a Maddy Emergency Medical Services Fund and now would be required to do so.

Summary

The measure would have the following significant fiscal effects:

- Increased revenues of about \$550 million annually from increased charges on telephone usage for emergency care services and other specified purposes. These revenues would probably grow in future years.

Sincerely,

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